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MSHDA-Legal

September 16th, 2007

Ms. Mary Levine
Acting Director of Legal Affairs
Michigan State Housing Development Authority
735 E. Michigan Ave
Lansing, MI 48912

Dear Ms. Levine,

Excel Realty Group has worked extensively in Michigan to develop high quality affordable housing. We are working hard to be of benefit to the State of Michigan and it's low and moderate income population in need of housing. We are known for innovative projects such as Armory Arts Village in Jackson, MI which may itself become an economic generator for the City of Jackson, and thereby add more than just housing to the Michigan economy.

We have been successful in Michigan because Mshda has offered financing programs that make sense. It appears that this is abruptly changing.

We are deeply troubled by the draft Qualified Allocation Plan that has been proposed by Mshda.

We believe the most problematic aspects of the plan are the following:

1. Mshda has completely ignored public input into the plan and the input of it's investor/developer stakeholders.
2. The plan requires supportive housing services that will add costs that developments will not be able to support, since there is no funding mechanism to pair with these services.
3. The plan arbitrarily allocates tax credits based on geography to areas that will not support long term viable housing developments.

4. Prevailing wages are required which will make construction costs rise for affordable housing, which will make many projects infeasible, and penalize those who are in need of housing – that is, low and moderate income residents.

We recommend that the draft plan be rejected in its present form and a new plan designed that incorporates the input of the public and the Michigan affordable housing community's major stakeholders. Should this plan be adopted, Michigan will lose investment dollars and industry professionals will look to other states to develop housing. Michigan cannot afford to shoot itself in the foot by adopting a plan that attempts to staple a social services plan onto a federally designed program intended to generate housing. The goal of changing a housing development program into a social services program with the addition of State level rules and regulations is not wise. We strongly urge Mshda to return to the drawing board and craft a plan that makes sense.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Jobson', with a stylized flourish at the end.

Peter Jobson
Managing Member

Cc Honorable Jennifer M. Granholm